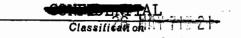
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STATE:

SUBJ:

Belgian Ambassador's Reaction to US Proposals

Re Baghdad Property

Following is message passed to Dept via British Embassy

26 May from Ambassador Van de Kerckhove: QUOTE: The American interests in Iraq are essentially related to American citizens residing in Iraq and the shares of American oil companies in IPC. Three hundred thirty five American nationals residing Iraq are, with the exception of some technicians, either spouses of Iraqis or children born to American wives. I do not feel that Iraqi Government would take measures against these American nationals. does not/look either as if Iraqi Government would be able to take measures against share amounting to 23.75 percent

which American companies are holding in IPC since it is

difficult to take such measures without causing trouble to

IPC as such. Most likely reaction from Iraqi Government

if measures contemplated were executed would probably _

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NEA/ARN - Talcott W. Seelye

CLEARANCES:

EUR/FBX - Mr. Papendor

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be to accentuate the anti-American posture of its present The Iraqi Government would be more inclined to do so in that, since the Egyptian position has become softer, it is claiming to have the monopoly of the anti-imperialist struggle in the Arab world and hopes by doing so to gain some political benefits. Furthermore the retaliatory measures envisaged by the State Department look at the first sight rather inefficient. The proposal to withdraw Iraqi diplomats attached to Indian Embassy might result in retaliatory measures taken by Iraqi Government against Belgian diplomats attached to USINT. Request to withdraw Iraqi diplomats may also antagonize Indian gm Government. Blocking payments of about two and a half million dollars is deemed perhaps insufficient to embarrass seriously Iraqi Government and would enable it to present itself as a I believe that retaliatory measures envisaged by Department of State might have unfavourable repercussions on relations between Belgium and Iraq. It is very

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difficult to make military authorities now running Iraq understand the distinction between the Belgian Embassy and the service of the Belgian Embassy offering its good offices to protect American interests in Iraq. Iraqi Government is already very much antagonized against Belgian Embassy because it has refused to leave voluntarily premises USA compound and has thus compelled Iraqi Army delegation to occupy said premises by force. Iraqi authorities insist that lack of cooperation from Belgian Embassy is considered violation of Iraqi laws and intrusion into internal affairs of Iraq. American retaliatory measures would likely aggravate Belgian position. Among measures which Iraqi Government might take against Belgium one should envisage possibility head of USINT section or even Ambassador himself declared persona non grata. Since Iraqi external trade is dependent on the state, measures which are being contemplated might influence Iraqi importations from Belgium. I wonder

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whether Belgian Government after having transmitted USA protest could not rpt not suggest to submit the problem of USA Embassy premises to arbitration all the more as USA Government's moral and juridicial position looks strong to me after unilateral action taken by the Iraqi Government and communique that it has published on the matter. Please EMPLOSE convey this message to AmEmbassy BRUSSELS and Belgian Ministry Foreign Affairs. Van de Kerckhove.

END

ROGERS